

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

W.R. GRACE & CO., *et al.*,

Debtors.

Chapter 11

Case No. 01-01139 (JKF)

Jointly Administered

Ref. No. 20622

**BANK LENDER GROUP'S
PRELIMINARY WITNESS DISCLOSURE**

Pursuant to the Bankruptcy Court's Second Amended Case Management Order Related to the First Amended Joint Plan of Reorganization, dated January 29, 2009 [Docket No. 20622] (the "2nd Amended CMO"),¹ certain lenders under the Prepetition Bank Credit Facilities² (the "Bank Lender Group"),³ hereby preliminarily identify the following witnesses whom they may call to testify with respect to confirmation issues.

¹ All capitalized terms not defined herein shall have the meaning ascribed to such term in the 2nd Amended CMO.

² The Prepetition Bank Credit Facilities include (i) that certain Credit Agreement, dated May 14, 1998, among the W.R. Grace & Co. (the "Company"), W.R. Grace & Co.-Conn, The Chase Manhattan Bank, as Administrative Agent, Chase Securities Inc., as arranger, and certain Banks party thereto (the "1998 Credit Agreement"), and (ii) that certain 364-Day Credit Agreement, dated May 5, 1999, among the Company, W.R. Grace & Co.-Conn, Bank of America National Trust Savings Assoc., as documentation agent, The Chase Manhattan Bank, as administrative agent, Chase Securities Inc., as book manager, and certain Banks party thereto (as amended, the "1999 Credit Agreement", together with the 1998 Credit Agreement, the "Credit Agreements"). The Credit Agreements are attached as Exs. A and B to the Affidavit of Charles O. Freedgood of JPMorgan Chase Bank, N.A., filed August 15, 2008 [Dkt No. 19332].

³ The Bank Lender Group includes (i) Anchorage Advisors, LLC; (ii) Allen Investment Management LLC; (iii) Avenue Capital Group; (iv) Babson Capital Management LLC; (v) Bass Companies; (vi) Caspian Capital Advisors, LLC; (vii) Catalyst Investment Management Co., LLC; (viii) Cetus Capital, LLC; (ix) DE Shaw Laminar Portfolios, LLC; (x) Goldman Sachs & Co. (as an ex-officio member); (xi) Intermarket Corp.; (xii) JP Morgan Chase, N.A. Credit Trading Group; (xiii) Loeb Partners Corporation; (xiv) MSD Capital, L.P.; (xv) Normandy Hill Capital, L.P.; (xvi) Ore Hill Partners, LLC; (xvii) P. Schoenfeld Asset Management, LLC; (xviii) Restoration Capital Management, LLC; and (xiv) Royal Bank of Scotland, PLC. The Bank Lender Group, together with all holders of claims under the Credit Agreements, including the previous holders of such claims, are collectively referred to as the "Bank Lenders."

1. While the Bank Lender Group does not presently intend to call any witnesses or submit testimony with respect to Phase I Confirmation Hearing issues currently scheduled for June 22 through June 25, 2009, it reserves the right in Phase I to call as a witness, or to submit testimony given by any witness called by any other party. The Bank Lender Group also reserves the right to introduce any affidavit or other testimony (including any amendments or supplements) filed with the Bankruptcy Court in connection with the above-captioned Debtors' (the "Debtors") objection, dated June 13, 2008, to the proofs of claim filed on behalf of the lenders under the Prepetition Bank Credit Facilities (the "Debtors' Objection"),⁴ and the Bank Lender Group's responses thereto.

2. As for the Phase II Confirmation Hearing issues scheduled for September 8 through September 11, 2009, the Bank Lender Group reserves the right to call as a witness or submit the testimony of one or more representatives of the Official Committee of Unsecured Creditors of the Debtors (the "Creditors' Committee"), including Capstone Advisory Group, the Creditors' Committee's financial advisor. It also may call as witnesses or submit the testimony of certain representatives of the Debtors, including representatives of the Debtors' financial advisor, Blackstone, and the Debtors' management. The Bank Lender Group additionally reserves the right in Phase II to call as a witness, or submit testimony from, any witness called by any other party. The Bank Lender Group reserves the right to retain its own financial advisor before the commencement of Phase II of the Confirmation Hearing, and call as a witness or submit the testimony of such financial advisors. To the extent the Bank Lender Group obtains its

⁴ The Bank Lender Group also reserves the right in Phase I to call any witness it deems necessary to resolve any of the pending evidentiary disputes relating to the Debtors' Objection.

own financial advisor, it will provide the Debtors with sufficient advance notice prior to the commencement of Phase II of the Confirmation Hearing.

3. Lastly, the Bank Lender Group reserves the right to identify at any time any witness with respect to the issues of feasibility and solvency in the event either issue is asserted by the Bank Lender Group as the basis for any objection to the confirmation of any plan of reorganization proposed by the Debtors.

4. The Bank Lender Group reserves the right to modify and supplement these disclosures consistent with the 2nd Amended CMO.

Dated: March 13, 2009
Wilmington, Delaware

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